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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 4670

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMCONSUL STRASBOURG

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E.O. 11652: GDS TAGS: PINT, FR

SUBJECT: NEW BARRE CABINET -- REACTIONS FROM THE LEFT

REF: PARIS 24730

SUMMARY. MITTERRAND'S RADIO INTERVIEW ON SEPTEMBER 2 WHERE HE PUT FORTH HIS VIEWS ON THE NEW BARRE CABINET CAPSULATED MANY OF THE BROAD CRITICISMS THAT HAVE BEEN LEVIED BY THE UNION OF THE LEFT ON THE NEW BARRE GOVERNMENT. THE SOCIALISTS FEEL THAT THE POST OF PRIME MINISTER HAS BEEN DEPRIVED OF ITS POWER BY THE PRESIDENT AND, KEEPING THEIR EYES ON THE 1978 ELECTIONS, ARE STRONGLY CRITICIZING GISCARD'S EFFORTS TO PRESIDENTIALIZE THE REGIME. THE PCF HITS BARRE ON HIS ANNOUNCED PROGRAM OF AUSTERITY (TO FIGHT INFLATION, MONETARY INSTABILITY, ETC.) AND ON THE NEW CABINET'S PROPOSED INCOME TAX MEASURES TO RAISE THE FUNDS NECESSARY FOR INDEMNIFYING CONFIDENTIAL

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DROUGHT-STRICKEN FARMERS. THE LEFT RADICALS DISMISS ANY

POSSIBILITY OF THE MAJORITY'S BEING ABLE TO ATTRACT "MORE MODERATE ELEMENTS" OF THE COMMON PROGRAM INTO ITS RANKS, AND THE FAR LEFT HAS CAPITALIZED ON THE CABINET CHANGE TO MOUNT STRINGENT ATTACKS AGAINST THE SOCIALISTS AND THE COMMUNISTS. SO FAR PRIME MINISTER BARRE HIMSELF, BECAUSE OF HIS APOLITICAL PAST, HAS ESCAPED PERSONAL ATTACK, THOUGH SOME OBSERVERS ON THE LEFT ARE CALLING HIM TOO TECHNOCRATIC, TOO NON-POLITICAL TO HANDLE FRANCE'S CURRENT PRESSING PROBLEMS. END SUMMARY.

- 1. MITTERRAND: REACTIONS FROM THE FRENCH LEFT TO THE RESIGNATION OF JACQUES CHIRAC ON AUGUST 25 AND THE APPOINTMENT OF THE NEW BARRE CABINET ON AUGUST 27 WERE RECEIVING ONLY LIMITED ATTENTION UNTIL THE BROADCAST OF SOCIALIST LEADER FRANCOIS MITTERRAND ON A RADIO INTER-VIEW SEPTEMBER 2. MITTERRAND WAS QUESTIONED ON THE POS-SIBILITY OF SOME KIND OF POLITICAL COMPROMISE IN 1978 WITH GISCARD SHOULD THE LEFT WIN THE LEGISLATIVE ELEC-TIONS. HE REPLIED THAT THE SOCIALISTS "RESPECT THE VER-DICT" OF THE 1974 PRESIDENTIAL ELECTIONS AND ASK THAT THE PRESIDENT RESPECT THE RESULTS OF THE LEGISLATIVE ELECTIONS IN 1978 MEANING, OF COURSE, THAT SHOULD THE LEFT WIN, IT WOULD TAKE OVER THE DIRECTION OF THE GOV-ERNMENT, MITTERRAND CITED THE CONSTITUTIONAL WEAKNESS THAT HE FEELS BROUGHT ABOUT THE CHIRAC/GISCARD RUPTURE, AND WENT ON TO SAY THAT HE WAS NOT SURPRISED BY CHIRAC'S RESIGNATION BECAUSE OF THIS WEAKNESS. HE SAID THAT HE WOULD JUDGE THE NEW PRIME MINISTER ON HIS ACTS; BUT MITTERRAND FELT IT WAS CLEAR THAT PRIME MINISTER BARRE WOULD ONLY BE CARRYING OUT THE PRESIDENT'S POLI-CIES AND WOULD BRING NOTHING INNOVATIVE TO THE SOLVING OF FRANCE'S INFLATIONARY, MONETARY AND SOCIAL PROBLEMS. HE OFFERED TO MEET BARRE ON A TELEVISED DEBATE OVER THE MEANS THAT THE GOF WOULD UNDERTAKE TO SOLVE THESE PROBLEMS.
- 2. THE SOCIALISTS: EVEN BEFORE THE NOMINATION OF BARRE ON THE EVENING OF AUGUST 25, THE SOCIALIST PARTY, ANALYZING CHIRAC'S RESIGNATION, SAID THE RESIGNATION CONSTITUTED AN ECONOMIC AND POLITICAL SETBACK FOR THE CONFIDENTIAL.

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MAJORITY THAT IS UNITED AROUND GISCARD D'ESTAING. THE PS BLASTED THE GOF FOR NOT HAVING UNDERTAKEN ANY SERIOUS REFORMS (SOCIAL INEQUALITIES, FISCAL FRAUD, CORPORATE REFORM) SINCE MAY 1974. "NOBODY", ITS COMMUNIQUE STATED, "SUPPOSES THAT FOURCADE WAS CARRYING OUT POLICIES DIFFERENT FROM THOSE WISHED BY GISCARD HIMSELF. THE FAILURE OF THE CHIRAC GOVERNMENT IS, THEREFORE, THE PRESIDENT'S OWN." THE PS FEELS THAT THE CURRENT POLITI-

CAL CRISIS HAS AS ITS SINGLE OBJECTIVE THE DECAPITATION OF THE UDR "DESIRED BY THE PRESIDENT OF THE REPUBLIC." PIERRE MAUROY, A MEMBER OF THE PS NATIONAL SECRETARIAT, DECLARED THAT FRANCE WAS NOT GOVERNED SINCE THE END OF JULY BECAUSE OF THE BATTLE EXISTING BETWEEN THE PRESIDENT AND HIS PRIME MINISTER. MAUROY, ROUNDLY ATTACKING THE GOF, FEELS THAT THE SOCIALIST PRIME MINISTER, "WHO WILL CERTAINLY COME IN 1978", MUST HAVE

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THE PROBLEM.

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FULL FREEDOM BASED ON THE CONSTITUTION TO CARRY OUT THE POLICIES OF THE COUNTRY. HE DENOUNCED BELATED AND INSUFFICIENT MEASURES ON THE PART OF THE GOF TO COME TO THE AID OF DROUGHT-STRICKEN FARMERS AND ADDED THAT NOTHING THE NEW GOVERNMENT UNDERTAKES WILL GET AT THE ROOTS OF

3. THE COMMUNISTS: THE COMMUNIST PARTY HAS BEEN PREDICTABLY HOSTILE TO THE CABINET SHAKEUP, ACCUSING THE NEW GOVERNMENT OF AGGRAVATING THE POLICY OF AUSTERITY TO FIGHT CERTAIN PROBLEMS -- AND THEREBY HITTING THE LITTLE MAN MORE THAN THE BIG. THE PCF ALSO BELIEVES THAT THE NEW GOVERNMENT WILL ACCELERATE THE INTEGRATION OF FRANCE INTO THE WEST EUROPEAN/ATLANTIC BLOC. PCF LEADER GEORGES MARCHAIS STATED THAT THE NEW CABINET WAS ONE MORE MANIFESTATION OF THE PRESIDENTIALIZATION OF THE REGIME CONFIDENTIAL

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AND ACCUSED GISCARD OF VIOLATING ARTICLE 20 OF THE CONSTITUTION, WHEREIN IT IS STATED THAT "THE GOVERNMENT WILL DETERMINE AND CARRY OUT THE POLICIES OF THE NA-TION." THE PARTY DAILY HUMANITE PARTICULARLY SINGLED OUT THE NOMINATION OF CHRISTIAN BEULLAC, NEWLY-NAMED MINISTER OF LABOR (PARIS 25429) AS AN EXAMPLE OF THE "BOURGEOIS CHARACTER" OF THE NEW CABINET. THEY ACCUSED BEULLAC OF BEING THE MAN WHO "DISMANTLED ENTIRE SECTORS OF THE BILLANCOURT RENAULT PLANT WITHOUT CONSULTING EI-THER THE PERSONNEL OR REPRESENTATIVES OF THE CENTRAL PLANT COMMITTEE." ROLAND LEROY, SECRETARY ON THE PCF CENTRAL COMMITTEE AND DIRECTOR OF "HUMANITE", DECLARED THAT "IN CASE OF A CONFLICT BETWEEN NATIONAL POLITICS AND PRESIDENTIAL POWER, THE PRESIDENT OF THE REPUBLIC SHOULD PLAY HIS ROLE. THAT IS TO SAY, BOW TO THE FACTS OR STEP DOWN. THE RESIGNATION OF PRIME MINISTER CHIRAC DOES NOT CHANGE ANYTHING ON THIS SCORE." HE FLATLY DIS-MISSED ANY POSSIBILITY OF SOLVING THE CURRENT PROBLEM (OF HOW TO DEAL WITH INDEMNITIES TO FARMERS AFFECTED BY DROUGHT) BY IMPOSING A SPECIAL TAX ON SALARIED WORKERS.

4. THE LEFT RADICALS: THE FIRST REACTION OF ROBERT FABRE'S LEFT RADICALS WAS TO CALL FOR AN EXTRAORDINARY SESSION OF PARLIAMENT IN ORDER THAT THE NEW PRIME MINIS-TER PRESENT HIS PROGRAM BEFORE THE NATIONAL ASSEMBLY AND THAT OUTGOING PRIME MINISTER JACOUES CHIRAC CLEARLY EX-PLAIN THE REASONS THAT PREVENTED HIM FROM "CARRYING OUT HIS DUTIES AS HEAD OF THE GOVERNMENT." FABRE FEELS THAT MORE THAN EVER IT WOULD BE APPROPRIATE FOR DISGRUNTLED GAULLISTS TO LEAVE THE MAJORITY AND JOIN THE COMMON PROGRAM, THUS MAKING EXACTLY THE REVERSE APPEAL OF THE PRESIDENT HIMSELF. WHO HOPES THAT MODERATES IN THE OPPOSITION WILL JOIN HIS MAJORITY. FABRE FEELS THAT CHIRAC'S DEPARTURE UNDERSCORES THE DIARCHIC NATURE OF THE CURRENT REGIME AND THE "MONARCHIC" TENDENCIES OF VGE. "THE GOVERNMENT", HE SAID, "IS UNDER THE SWAY OF TECHNOCRATS AT THE VERY TIME THAT THE COUNTRY NEEDS ASTUTE POLITICIANS." HE DISMISSED ANY POSSIBILITY OF

GISCARD'S ATTRACTING LEFT RADICALS OUT OF THE OPPOSITION. IN ADDITION PIERRE BRACQUE, A MEMBER OF THE MRG'S NATIONAL SECRETARIAT, FEELS THAT INFLATION, PRICE RISES, CONFIDENTIAL

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THE DEVALUATION OF THE FRANC AND THE PRECARIOUS RURAL ECONOMY ARE THE DIRECT RESULT OF GISCARD/CHIRAC FAULTY POLICIES.

5. FAR LEFT: THE COMMUNIST REVOLUTIONARY LEAGUE (LCR) USED THE SITUATION TO ONCE AGAIN TURN ITS VEHE-MENCE ON THE PS AND THE PCF, WHO THEY FEEL ARE TRAITORS TO THE CLASSIC PRECEPTS OF SOCIALISM. "THE PS AND THE PC, FAR FROM MOBILIZING THE WORKERS IN A FIRM STRUGGLE AGAINST THE PLAN OF AUSTERITY AND THE ANTI-WORKER POLICIES ESPOUSED BY GISCARD, FAR FROM TAKING ADVANTAGE OF THE DIFFICULTIES OF THE MAJORITY COALITION, PERSIST MORE THAN EVER IN THEIR ELECTORAL GAME PLAY." OTHER FARLEFT PUBLICATIONS SUCH AS "LIBERATION" AND "ROUGE" SAY THAT CHIRAC HAD CORRECT REASONS FOR PREFERRING TO CONFRONT "ELECTORAL VERDICTS" BEFORE MAJORITY BECAME EVEN FURTHER DISCREDITED IN THE EXERCISE OF ITS ANTI-WORKER POLICIES.

6. COMMENT: MITTERRAND HAS OBVIOUS INTERESTS IN WANTING TO SEE AS MUCH POWER AS POSSIBLE RETAINED IN THE OFFICE OF THE PRIME MINISTER. WITH PROSPECTS MORE LIKELY NOW THAN AT ANY TIME SINCE 1936 OF THE LEFT'S COMING TO POWER IN FRANCE, IT IS ALMOST TAKEN FOR GRANTED THAT SHOULD THE UNITED LEFT WIN IN 1978, MITTERRAND WOULD IMMEDIATELY ASSUME THE DUTIES OF PRIME MINISTER. UNDER SUCH CONDITIONS, IF GISCARD HAD FULLY SUCCEEDED IN

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PRESIDENTIALIZING THE REGIME -- AND THERE IS NO REASON TO BELIEVE THAT HE WILL IN ANY WAY ALTER HIS LONG-DECLA-RED GOAL OF ACHIEVING THIS -- IT IS OBVIOUS THAT MIT-TERRAND WOULD HAVE MUCH LESS POWER THAN HIS AMBITIONS AND TEMPERAMENT REQUIRE. HE WOULD FIND IT DIFFICULT TO ACCEPT SUCH A SITUATION. BARRE HIMSELF, HOWEVER, NO DOUBT DUE TO HIS APOLITICAL BACKGROUND, HAS ESCAPED THE KIND OF ACRIMONIOUS CRITICISM THAT WOULD HAVE BEEN LEVIED BY THE LEFT ON A MORE "POLITICAL" PRIME MINISTER. BUT THE UNITED LEFT DISMISSES ANY POSSIBILITY OF BARRE'S BEING ABLE TO HANDLE THE ENORMOUS PROBLEMS OF INFLATION AND MONETARY INSTABILITY, SIMPLY BECAUSE HE WILL BE APPLYING THE SAME "BOURGEOIS" METHODS AS HAVE ALL PRIME MINISTERS IN THE FIFTH REPUBLIC, AND WILL NOT UNDERTAKE ANY FUNDAMENTAL CHANGES IN THE STRUCTURE OF FRENCH SOCIETY, NOR WILL HE ATTACK BASIC CONFIDENTIAL

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SHORTCOMINGS IN THE FRENCH FISCAL SYSTEM.

7. BARRE'S MOST IMMEDIATE PROBLEM, HOWEVER, IS HOW TO RAISE AN ESTIMATED MINIMUM OF ONE BILLION DOLLARS TO OFFSET LOSSES TO THE FRENCH FARMER AS A DIRECT RESULT OF THIS YEAR'S CRUEL DROUGHT. (FARMERS ARE RESISTING USING POOR 1975 HARVESTS AS A BASE FOR THE CALCULATION OF THIS YEAR'S INCOME DEFICIT.) IT CAN BE TAKEN FOR GRANTED THAT THE LEFT WILL ASSAIL BARRE'S APPARENT INTENTION TO ADD A DROUGHT TAX ON ALL SALARIES OVER

5,000 FRANCS PER MONTH, BECAUSE THEY FEEL THIS HITS THE LITTLE MAN MORE THAN THE BIG. THE LEFT WOULD PREFER THAT BIG BUSINESS AND HIGH INCOME BRACKET PEOPLE, IN ADDITION TO THOSE FEW COMPANIES WHO MADE PROFIT OUT OF THE DROUGHT, BE ESPECIALLY SADDLED WITH THE BURDEN OF REPAYING THE FARMERS. THE LEFT WILL CONTINUE TO REFINE ITS ATTACKS ON THE NEW CABINET AND REDIRECT THEM AT SPECIFIC MINISTERS WHEN THE DETAILS OF THE GOVERNMENT'S PLAN TO REIMBURSE THE FARMERS ARE PRESENTED ON SEPTEMBER 29 AND WHEN THE GOF ECONOMIC PROGRAM IS PRESENTED AT THE END OF THIS MONTH.

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